U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-QSB

X...Quarterly report under section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended December 31, 2001.

....Transition report under section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _________ to _________.

Commission File No: 0-31761

TABATHA III, INC.
(Name of small business in its charter)

Colorado	84-1536519
(State or other jurisdiction of Incorporation)	(IRS Employer Identification. No.)

1926 S. Oswego Way
Aurora, Colorado 80014
(Address of Principal Office) Zip Code

Issuer's telephone number: (303) 752-4637

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ..X.. No ....

Applicable only to issuers involved in bankruptcy proceedings during the past five years.

Check whether the issuer has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes ..... No .....

Applicable only to corporate issuers

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date. At December 31, 2001, the following shares of common were outstanding: Common Stock, no par value, 9,962,500 shares.

Transitional Small Business Disclosure Format (Check one): Yes ..... No ..X..

PART 1 - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS AND EXHIBITS

(a) The unaudited financial statements of registrant for the three and six months ended December 31, 2001, follow. The financial statements reflect all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim period presented.

TABATHA III, INC.
(A Development Stage Company)
FINANCIAL STATEMENTS

Quarter Ended December 31, 2001

INDEX TO FINANCIAL STATEMENTS:

Tabatha III, Inc.
(A Development Stage Company)
BALANCE SHEET

ASSETS	**December 31, 2001**
CURRENT ASSETS	
Cash and cash equivalents	$ 4,711
Prepaid legal	-
Total current assets	4,711
TOTAL ASSETS	$ 4,711
LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT LIABILITIES	$ -
Total current liabilities	-
STOCKHOLDERS' EQUITY	
Preferred stock, no par value; 10,000,000 shares authorized; no shares issued and outstanding	-
Common stock, no par value; 100,000,000 shares authorized; 9,962,500 shares issued and outstanding	68,975
Deficit accumulated during the development stage	(64,264)
	4,711
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 4,711

The accompanying notes are an integral part of the financial statements.

Tabatha III, Inc.
(A Development Stage Company)
STATEMENTS OF OPERATIONS

	For the period from inception (March 17, 2000) to December 31,	For the three months ended December 31,		For the six months ended December 31,	
	2001	**2001**	**2000**	**2001**	**2000**
REVENUES					
Interest income	$ 230	$ 13	$ 53	$ 34	$ 110
EXPENSES					
Selling, general and administrative	43,525	-	-	-	-
Accounting	2,426	296	900	1,146	900
Legal	3,570	702	1,987	805	1,987
Rent	1,050	150	150	300	300
Office supplies	623	-	-	15	-
Travel & entertainment	-	-	-	-	-
Non cash compensation	13,300	-	13,300	-	13,300
Total expenses	64,494	1,148	16,337	2,266	16,487
NET LOSS	(64,264)	(1,135)	(16,284)	(2,232)	(16,377)
Accumulated deficit					
Balance, beginning of period	-	(63,129)	(44,859)	(62,032)	(44,766)
Balance, end of period	$ (64,264)	$ (64,264)	$ (61,143)	$ (64,264)	$ (61,143)
NET LOSS PER SHARE	$ (0.01)	$ (NIL)	$ (NIL)	$ (NIL)	$ (NIL)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	9,962,500	9,962,500	9,962,500	9,962,500	9,962,500

The accompanying notes are an integral part of the financial statements.

Tabatha III, Inc.
(A Development Stage Company)
STATEMENTS OF CASH FLOWS

	Inception (March 17, 2000) to December 31, 2001	For the six months ended December 31, 2001	For the six months ended December 31, 2000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	$ (64,264)	$ (2,232)	$ (16,377)
Adjustments to reconcile net loss to net cash flows from operating activities:			
Rent expense	1,050	300	300
Stock issued for services	43,525	-	-
Warrants issued for services	13,300		13,300
Decrease in prepaid expenses	-	-	87
Net cash flows from operating activities	(6,389)	(1,932)	(2,690)
CASH FLOWS FROM INVESTING ACTIVITIES	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of common stock	11,100	-	-
Net cash flows from financing activities	11,100	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,711	(1,932)	(2,690)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	-	6,643	9,922
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 4,711	$ 4,711	$ 7,232

The accompanying notes are an integral part of the financial statements.

Tabatha III, Inc.
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
December 31, 2001

NOTE 1. MANAGEMENT'S REPRESENTATION OF INTERIM FINANCIAL INFORMATION

The accompanying financial statements have been prepared by Tabatha III, Inc. without audit pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted as allowed by such rules and regulations, and management believes that the disclosures are adequate to make the information presented not misleading. These financial statements include all of the adjustments which, in the opinion of management, are necessary to a fair presentation of financial position and results of operations. All such adjustments are of a normal and recurring nature. These financial statements should be read in conjunction with the audited financial statements at June 30, 2001.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Certain statements in this report, including statements in the following discussion, which are not statements of historical fact, are what are known as "forward looking statements," which are basically statements about the future, and which, for that reason, involve risk and uncertainty since no one can accurately predict the future. Words such as "plans," "intends," "will," "hopes," "seeks," "anticipates," "expects" and the like often identify such forward looking statements, but are not the only indication that a statement is a forward looking statement. Such forward looking statements include statements of our plans and objectives with respect to the present and future operations of the Company, and statements which express or imply that such present and future operations will or may produce revenues, income or profits. Numerous factors and future events could cause the Company to change such plans and objectives or fail to successfully implement such plans or achieve such objectives, or cause such present and future operations to fail to produce revenues, income or profits. Therefore, the reader is advised that the following discussion should be considered in light of the discussion of risks and other factors contained in this report on Form 10QSB and in the Company's other filings with the Securities and Exchange Commission, and that no statements contained in the following discussion or in this Form 10QSB should be construed as a guarantee or assurance of future performance or future results.

Liquidity and Capital Resources

As of December 31, 2001, the Company remains in the development stage. Since inception, it has experienced no significant change in liquidity or capital resources or stockholder's equity other than the receipt of proceeds in the amount of $11,100 from its inside capitalization funds. Consequently, for the period ended December 31, 2001, the Company's balance sheet reflects current and total assets of $4,711 in the form of cash and cash equivalents, and current liabilities of $0.

The Company believes it has sufficient cash resources to pay the costs associated with compliance with its reporting obligations for the remainder of the current fiscal year. However, it may not have sufficient cash resources to also pay the costs associated with carrying out its business plan of seeking acquisition candidates. Thus, the Company expects to require additional capital during the fiscal year. (See "Need for Additional Financing," below).

Results of Operations

During the period from March 17, 2000 (inception) through December 31, 2001, the Company has engaged in no significant operations other than organizational activities, acquisition of capital and preparation and filing of its registration statement on Form 10-SB under the Securities Exchange Act of 1934, as amended, compliance with its periodical reporting requirements and initial efforts to locate a suitable merger or acquisition candidate. No revenues were received by the Company during this period.

The Company experienced a net loss of $1,135 for the second quarter and a net loss of $64,264 since inception. These losses are primarily the result of legal, consulting, and accounting costs related to initial registration under the Securities Exchange Act of 1934 and subsequent compliance with reporting requirements of the securities laws. The Company does not expect to generate any revenue until it completes a business combination, but will continue to incur legal and accounting fees and other costs associated with compliance with its reporting obligations. As a result, the Company expects that it will continue to incur losses each quarter at least until it has completed a business combination. Depending upon the performance of any acquired business, the Company may continue to operate at a loss even following completion of a business combination.

Plan of Operations

For the fiscal year ending June 30, 2002, the Company expects to continue its efforts to locate a suitable business acquisition candidate and thereafter to complete a business acquisition transaction. The Company anticipates incurring a loss for each quarter and for the full fiscal year as a result of expenses associated with compliance with the reporting requirements of the Securities Exchange Act of 1934, and expenses associated with locating and evaluating acquisition candidates. The Company does not expect to generate revenues until it completes a business acquisition, and, depending upon the performance of the acquired business, it may also continue to operate at a loss after completion of a business combination.

Need for Additional Financing

The Company believes it will require additional capital either to pay the costs associated with carrying out its plan of operations or to pay the costs of compliance with its continuing reporting obligations under the Securities Exchange Act of 1934, as amended, for the fiscal year ending June 30, 2002. This additional capital will be required whether or not the Company is able to complete a business combination transaction during the current fiscal year. Furthermore, once a business combination is completed, the Company's needs for additional financing are likely to increase substantially.

No specific commitments to provide additional funds have been made by management or other stockholders, and the Company has no current plans, proposals, arrangements or understandings to raise additional capital through the sale or issuance of additional securities prior to the location of a merger or acquisition candidate. Accordingly, there can be no assurance that any additional funds will be available to the Company to allow it to cover its expenses. Notwithstanding the foregoing, however, to the extent that additional funds are required, the Company anticipates receiving such funds in the form of advancements from current shareholders without the issuance of additional shares or other securities, or through the private placement of restricted securities. In addition, in order to minimize the amount of additional cash which is required in order to carry out its business plan, the Company might seek to compensate certain service providers by issuances of stock in lieu of cash.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) No exhibits are filed as part of this report.

(b) No reports on Form 8-K were filed by the Company for the quarter ended December 31, 2001.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TABATHA III, INC.

By: /S/ ROBERT L. SMITH
Robert L. Smith, President and Director

By: /S/ DIANE THELEN
Diane Thelen, Director

By: /S/ KIP PEDRIE
Kip Pedrie, Director

Date: February 12, 2002